



U.S. Department of Agriculture  
Office of Inspector General  
Western Region  
Audit Report

FINANCIAL STATEMENT AUDIT  
PARKVIEW PROPERTIES  
FOR THE YEAR ENDED DECEMBER 31, 2000



Report No.  
04005-7-SF  
March 2001

Financial Statement Audit  
Parkview Properties  
For the Year Ended December 31, 2000

Audit No. 04005-7-SF

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UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Western Region - Audit

75 Hawthorne Street, Suite 200

San Francisco, California 94105

TEL: 415-744-2851 FAX: 415-744-2871



**Report of the Office of Inspector General**

To Rural Development  
Alturas, CA

We have audited the balance sheets of Parkview Properties (a Limited Partnership) as of December 31, 2000, and the related statements of income, partners' capital, and cash flows for the year then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audit. The financial statements of Parkview Properties as of December 31, 1999, were audited by other auditors whose report dated February 9, 2000, expressed an unqualified opinion on those statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Parkview Properties as of December 31, 2000, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplementary data for the year ended December 31, 2000, on pages 13 through 20, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the audit procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

U.S. Department of Agriculture  
Office of Inspector General

San Francisco, CA  
March 26, 2001

PARKVIEW PROPERTIES  
Balance Sheet  
December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
CURRENT ASSETS		
Cash (NOTE 1)	\$ 15,995.83	\$ 8,742.16
Reserve Account (NOTE 4)	49,892.13	34,677.30
Tax and Insurance Account	7,464.59	10,397.27
Security Deposits Account (NOTE 5)	10,745.40	8,798.05
Prepaid Expenses	1,949.50	1,567.14
Accounts Receivable	<u>9,330.62</u>	<u>8,034.86</u>
Total Current Assets	<u>\$ 95,378.07</u>	<u>\$ 72,216.78</u>
FIXED ASSETS (NOTE 1)		
Land	\$ 53,000.00	\$ 53,000.00
Building and Improvements	1,148,679.23	1,155,736.66
Equipment	5,831.89	6,278.37
Less Accumulated Depreciation	<u>(640,984.12)</u>	<u>(603,385.26)</u>
Total Fixed Assets	<u>\$ 566,527.00</u>	<u>\$ 611,629.77</u>
Total Assets	<u>\$ 661,905.07</u>	<u>\$ 683,846.55</u>
CURRENT LIABILITIES		
Prepaid Rent	\$ 152.00	\$ 556.25
Security Deposits	11,192.50	10,643.33
Return Due to Owner	4,400.00	0.00
Accrued Interest Payable	2,013.25	2,090.29
Current Portion of Mortgage	<u>2,556.45</u>	<u>2,266.97</u>
Total Current Liabilities	<u>\$ 20,314.20</u>	<u>\$ 15,556.84</u>
LONG-TERM LIABILITIES		
Note Payable - Rural		
Development (NOTE 2)	<u>\$ 1,023,938.21</u>	<u>\$ 1,026,499.22</u>
Total Liabilities	<u>\$ 1,044,252.41</u>	<u>\$ 1,042,056.06</u>
PARTNERS' CAPITAL (DEFICIT)	<u>\$ (382,347.34)</u>	<u>\$ (358,209.51)</u>
Total Liabilities and		
Partners' Capital	<u>\$ 661,905.07</u>	<u>\$ 683,846.55</u>

The accompanying notes are an integral part of the financial statements.

PARKVIEW PROPERTIES  
Income Statement  
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
REVENUES		
Rental Income, Tenants	\$ 49,957.45	\$ 51,278.53
Rental Assistance, Rural Development	100,062.00	90,317.00
Laundry Income	1,603.03	1,701.92
Interest Income	1,695.83	1,138.29
Tenant Charges	1,703.16	1,872.40
Miscellaneous Income	<u>20.00</u>	<u>886.16</u>
Total Income	<u>\$ 155,041.47</u>	<u>\$ 147,194.30</u>
EXPENSES		
Maintenance & Repairs, Payroll (NOTE 3)	\$ 9,864.77	\$ 11,203.85
Maintenance & Repairs, Supplies (NOTE 3)	3,087.59	2,790.91
Maintenance & Repairs, Contract	2,733.71	2,383.72
Painting and Decorating	2,260.52	1,571.92
Snow Removal	215.86	39.97
Grounds Maintenance	237.91	792.43
Services	704.00	832.00
Furniture Replacement	4,797.31	7,407.80
Electricity	4,715.77	6,333.70
Water	4,691.95	3,785.73
Sewer	3,016.50	3,331.20
Garbage	3,734.51	3,522.50
Manager (NOTE 3)	12,501.35	12,265.63
Management Fees (NOTE 3)	14,400.00	14,208.00
Accounting/Auditing	4,000.00	4,000.00
TPA Fees	558.00	0.00
Legal	28.50	0.00
Advertising	482.50	674.95
Telephone & Answering Service	1,418.45	1,513.69
Office Supplies	1,420.45	1,088.83
Office Furniture & Furnishing	22.85	0.00
Training Expense	642.84	0.00
Health Insurance (NOTE 3)	0.00	1,477.35
Other Administrative Expenses	454.49	853.22
Real Estate Taxes	12,951.36	13,122.33
Other Taxes, Fees, and Permits	850.00	850.00
Property Insurance	3,406.64	3,152.76
Fidelity Coverage (NOTE 3)	110.00	55.00
Payroll Taxes (NOTE 3)	2,132.66	2,256.43
Compensation Insurance (NOTE 3)	1,008.26	954.73
Interest Expense (Mortgage)	24,230.71	24,595.52
Depreciation Expense	43,571.52	51,142.65
Loss on Disposal of Assets	<u>2,715.32</u>	<u>0.00</u>
Total Expenses	<u>\$ 166,966.30</u>	<u>\$ 176,206.82</u>
Net Income (Loss)	<u>\$ (11,924.83)</u>	<u>\$ (29,012.52)</u>

The accompanying notes are an integral part of the financial statements.

PARKVIEW PROPERTIES  
Statement of Partners' Capital  
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
Partners' Capital (Deficit), Beginning of Year	\$ (358,209.51)	\$ (329,196.99)
Net Loss	(11,924.83)	(29,012.52)
Distributions In Arrears (NOTE 6)	(7,813.00)	0.00
Distributions Due Partners	<u>(4,400.00)</u>	<u>0.00</u>
Partners' Capital (Deficit), End of Year	<u>\$ (382,347.34)</u>	<u>\$ (358,209.51)</u>

The accompanying notes are an integral part of the financial statements.

PARKVIEW PROPERTIES  
Statement of Cash Flows  
Years Ended December 31, 2000 and 1999

	<u>2000</u>	<u>1999</u>
<b>Cash Flows from Operating Activities</b>		
Net Loss	\$ (11,924.83)	\$ (29,012.52)
Adjustments to reconcile net loss to net cash used/provided by operating activities:		
Depreciation	43,571.52	51,142.65
Loss on Disposal of Assets	2,715.32	0.00
(Increase) Decrease in Accounts Receivable	(353.76)	59.14
(Increase) in A/R – RD Subsidy	(942.00)	(721.00)
(Increase) Decrease in Tax and Insurance Account	2,932.68	(4,854.04)
(Increase) in Security Deposit Account	(1,947.35)	1,702.73
(Increase) Decrease in Prepaid Expenses	(382.36)	766.76
Increase (Decrease) in Prepaid Rent	(404.25)	547.25
Increase (Decrease) in Security Deposit Liability	549.17	1,442.33
Increase (Decrease) in Mortgage Interest Payable	<u>(77.04)</u>	<u>34.59</u>
Net Cash Provided by Operating Activities	<u>\$ 33,737.10</u>	<u>\$ 21,107.89</u>
<b>Cash Flows from Investing Activities</b>		
Transfers to Reserve Account (NOTE 4)	(18,263.91)	(16,024.57)
Withdrawals from Reserve Account (NOTE 4)	\$ 3,049.08	\$ 3,868.56
Purchase of Site Improvements and Equipment	<u>(1,184.07)</u>	<u>0.00</u>
Net Cash Used by Investing Activities	<u>\$ (16,398.90)</u>	<u>\$ (12,156.01)</u>
<b>Cash Flows from Financing Activities</b>		
Principal Payments on Mortgage	\$ (2,561.01)	\$ (2,018.35)
Increase in Current Portion of Mortgage	289.48	-
(Decrease) in Return to Owner	<u>(7,813.00)</u>	<u>(987.00)</u>
Net Cash Used by Financing Activities	<u>\$ (10,084.53)</u>	<u>\$ (3,005.35)</u>
 Increase in Cash	 \$ 7,253.67	 \$ 5,946.53
Cash, Beginning of Year	<u>8,742.16</u>	<u>2,795.63</u>
Cash, End of Year	<u>\$ 15,995.83</u>	<u>\$ 8,742.16</u>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash Payments for Interest	\$ 24,230.71	\$ 24,595.52

The accompanying notes are an integral part of the financial statements.

PARKVIEW PROPERTIES  
Notes to Financial Statements  
For the Year Ended December 31, 2000

1. Organization and Summary of Significant Accounting Policies

- a. Organization - Parkview Properties, a limited partnership, was formed in November 1983 to own and operate a 32-unit apartment complex in Susanville, California. The project was financed and constructed under Section 515 of the National Housing Act, as amended, which is administered by the U.S. Department of Agriculture, Rural Development, formerly Rural Economic and Community Development (RECD) and Farmers Home Administration (FmHA).

Under this program, the Partnership provides low-cost housing to low and moderate income families. Lower rental charges to tenants are recovered by the Partnership through an interest reduction program which reduces the effective rate of the mortgage to 1 percent and a rental assistance program whereby Rural Development pays the Partnership a portion of qualified tenant rents (rental assistance).

- b. Basis of Accounting - The Partnership's records are maintained on a cash basis. The financial reports which are a part of the audit are in agreement with the accounting records of the organization except that we have recorded adjustments for certain accruals and deferrals of income at year-end that were not reported in the books of account at that date.
- c. Cash Accounts - All cash accounts are subject to provisions of Rural Development and are not otherwise encumbered in any manner. All cash accounts are deposited in institutions insured by the Federal Deposit Insurance Corporation.

For purposes of reporting the statements of cash flows, the Partnership includes all cash accounts which are not subject to withdrawal restrictions or penalties as cash and cash equivalents on the accompanying balance sheets. These cash accounts include the general operating account, general savings account, and petty cash. The balances in these accounts as of December 31, 2000, were as follows:

General Operating	\$ 15,577.05
General Savings	283.71
Petty Cash	135.07
Total	<u><u>\$ 15,995.83</u></u>

- d. Income Taxes - The income or loss of the Partnership is included in the tax returns of the individual partners. Accordingly, no provision has been made for Federal or State income taxes in the financial statements.
- e. Fixed Assets and Depreciation - Land, building, site improvements, and equipment are recorded at cost. Depreciation is provided for in amounts sufficient to relate the cost of the depreciable assets to operations over their estimated service lives using the straight-line method. Improvements are capitalized while expenditures for maintenance and repairs are



charged to expense as incurred.

Depreciation is computed over the following estimated useful lives:

Building	30 Years
Site Improvements	5 - 30 Years
Equipment	3 - 20 Years

## 2. Mortgages Payable

The mortgages payable to RD are collateralized by a first deed of trust on the real property. The obligation is payable in monthly installments of \$2,214.94 plus excess rent, if any, with the monthly payment applied to principal and interest, and any excess rent applied to additional interest. While the mortgage provides for an interest rate of 11.875 percent, RD allows interest reduction subsidies so that the mortgagor pays less than the specified mortgage interest rate. The mortgagor is making monthly payments based on a 1 percent interest rate plus excess rent, if any, which is the basis of recording interest expense in the income statement. The mortgages mature during the year 2034.

The principal payments applicable to the mortgage during the next 5 years, taking into account the interest credit agreements, are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2001	\$ 2,556.45
2002	2,877.10
2003	3,237.99
2004	3,644.13
2005	4,101.22
Remaining Years	<u>1,010,077.76</u>
Total	<u>\$ 1,026,494.65</u>

## 3. Related Party Transactions

Parkview Properties uses the management services of MBS Property Management. One of the general partners of Parkview Properties is the majority owner of MBS Property Management. Management fees paid to MBS Property Management in 2000 totaled \$14,400.00. Other payments to MBS Property Management were to reimburse the company for Partnership costs paid by MBS Property Management on behalf of Parkview Properties. Other payments totaled \$26,197.33. These payments covered the costs of salaries (manager and caretaker), payroll taxes, worker's compensation insurance, TPA fees, fidelity coverage, and office supply. A return to owner distribution of \$7,813.00 was made in 2000.

4. Reserve Account

A reserve account for replacements is maintained by Parkview Properties, as required by the loan agreement. Disbursements from the reserve account are subject to approval by RD. Although the reserve account appears as a cash account on the balance sheet, it is considered an investment account under RD regulations. In accordance with RD regulations, account transfers and withdrawals are shown separately in the statement of cash flows.

5. Security Deposits

The tenants' security deposits are held in trust. As of December 31, 2000, the balance in the security deposit bank account was \$10,745.40 and the liability for security deposits collected from current tenants was \$11,192.50. As a result, the security deposit account was underfunded by \$447.10.

6. Distribution in Arrears

During 2000, a return to owner distribution for \$7,813.00 was authorized by Rural Development. The payment consisted of an arrears payment to recapture the return to owner of \$3,413.00 for 1998 and a full payment of \$4,400.00 for the 1999 return to owner.



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Western Region - Audit

75 Hawthorne Street, Suite 200

San Francisco, California 94105

TEL: 415-744-2851 FAX: 415-744-2871



**Report of the Office of Inspector General on the Internal Control Structure**

To Rural Development  
Alturas, CA

We have audited the financial statements of Parkview Properties (Limited Partnership), as of and for the year ended December 31, 2000 and have issued our report thereon dated March 26, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

In planning and performing our audit of the financial statements of Parkview Properties for the year ended December 31, 2000, we considered its internal control structure in order to determine our auditing procedures for the purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

The management of Parkview Properties is responsible for establishing and maintaining an internal control structure. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of internal control structure policies and procedures.

The objectives of an internal control structure are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles. Because of inherent limitations in any internal control structure, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the structure to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or that the effectiveness of the design and operation of policies and procedures may deteriorate.

For the purpose of this report, we have classified the significant internal control structure policies and procedures in the following categories: control environment, accounting system, and control procedures.

For all of the internal control structure categories listed above, we obtained an understanding of the design of relevant policies and procedures and whether they have been placed in operation, and we assessed control risk.

We noted certain matters involving the internal control structure and its operation that we consider to be reportable conditions under standards established by the American Institute of Certified Public Accountants. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control structure that, in our judgment, could adversely affect the entity's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

Key Duties Not Segregated. There is insufficient segregation of duties in the key areas of recording transactions and accessing assets. Specifically, one individual is primarily responsible for depositing receipts received through the mail, reconciling monthly bank statements to the accounting records, preparing checks for the payment of vendors, and recording this information in the accounting records. This places the assets and revenues of Parkview Properties at risk of misappropriation. The management of Parkview Properties believes it is not cost beneficial to employ the necessary staff to segregate these duties, and therefore, accepts this risk.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control structure elements does not reduce to a relatively low level the risk that errors or irregularities in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

Our consideration of the internal control structure would not necessarily disclose all matters in the internal control structure that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses as defined above. We believe the reportable conditions described above are material weaknesses.

This report is intended for the information of the management of Parkview Properties and Rural Development. However, this report is a matter of public record and its distribution is not limited.

U.S. Department of Agriculture  
Office of Inspector General

San Francisco, CA  
March 26, 2001



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

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75 Hawthorne Street, Suite 200

San Francisco, California 94105

TEL: 415-744-2851 FAX: 415-744-2871



**Report of the Office of Inspector General on Compliance**

To Rural Development  
Alturas, CA

We have audited the financial statements of Parkview Properties as of and for the year ended December 31, 2000, and have issued our report thereon dated March 26, 2001.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether caused by error or fraud.

Compliance with laws, regulations, contracts, and grants applicable to Parkview Properties is the responsibility of the management of Parkview Properties. As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we performed tests of Parkview Properties' compliance with certain provisions of laws, regulations, contracts, and grants. However, the objective of our audit of the financial statements was not to provide an opinion on overall compliance with such provisions. Accordingly, we do not express such an opinion.

The results of our tests of compliance indicate that, with respect to the items tested, Parkview Properties complied, in all material respects, with the provisions referred to in the preceding paragraph. With respect to items not tested, nothing came to our attention that caused us to believe that Parkview Properties had not complied, in all material respects, with those provisions.

We noted a nonmaterial instance of noncompliance that we have reported to the management of Parkview Properties in a separate letter dated March 26, 2001.

This report is intended for the information of the management of Parkview Properties and Rural Development. However, this report is a matter of public record and its distribution is not limited.

U.S. Department of Agriculture  
Office of Inspector General

San Francisco, CA  
March 26, 2001

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## PARKVIEW PROPERTIES

### Supplemental Information Required By Rural Development

1. Specific identification of any identity of interest which exists between the management firm, any maintenance firm, suppliers, vendors, or any other entity or person used to provide services or supplies to the project. Briefly describe the type of transaction and the dollar amount involving any identity of interest transaction.

Parkview Properties utilizes the management and administrative services of MBS Property Management Inc. One of the general partners of Parkview Properties is the majority owner of MBS Property Management. Management fees paid to MBS Property Management in 2000 totaled \$14,400.00. Payments to MBS Property Management for materials and services in addition to the management fees represent reimbursement of costs incurred by MBS Property Management for Parkview Properties. As of December 31, 2000, the following costs were reimbursed:

Manager Salary	\$ 11,376.35
Caretaker Salary	10,277.89
Payroll Taxes	2,621.66
TPA Fees	558.00
Office Supplies	10.62
Worker's Compensation	1,242.81
Fidelity Coverage	110.00
Total	<u>\$ 26,197.33</u>

2. Identify all funds paid to the management firm in excess of the approved management fee.

As noted above, Parkview Properties paid \$26,197.33 to MBS Property Management in excess of the approved management fee.

3. Determine if any of the project accounts are encumbered in any manner. If so, give specifics. If not, so state.

The project accounts were not encumbered in any manner during 2000.

4. For each project account, specify the full account title, account number, name and address of the financial institution in which deposited, balance, and interest rate. If in a non-interest bearing account, so state. Provide a footnote to the reserve account(s) and state: (a) if the account is an Rural Development supervised (countersignature) account, and (b) if any account with a deposit of over \$100,000 is adequately protected by collateral pledge or other type of protective coverage.

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Financial Institution	Account Type	Interest Rate	12/31/00 Balance
Bank of America P.O. Box 1290 Davis, CA 95617	General Operating	0.25%	\$ 15,577.05
US Bank 120 W. Court Street Woodland, CA 95695	Reserve <sup>1</sup>	3.05%	\$49,892.13
US Bank 120 W. Court Street Woodland, CA 95695	Tax and Insurance	1.00%	\$ 7,464.59
US Bank 120 W. Court Street Woodland, CA 95695	Security Deposits	1.00%	\$ 10,745.40
US Bank 120 W. Court Street Woodland, CA 95695	General Savings	1.00%	\$ 283.71

5. State the total cash paid to the owner in the last year (the year being audited).

In 2000, Parkview Properties paid \$7,813.00 as an authorized return to owner. This payment consisted of an arrears payment for the 1998 return to owner of \$3,413.00, and a \$4,400.00 payment for the 1999 return to owner.

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<sup>1</sup> The reserve account is a RD supervised bank account.

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Reserve Account Reconciliation

Reserve Requirement at December 31, 1999 [1]	\$ 34,526.88
Required Annual Reserve Deposit [2]	\$ 17,745.00
Actual 2000 Reserve Account Deposit	\$ 18,263.91

Approved Withdrawals:

<u>Purpose</u>	<u>Date</u>	<u>Amount</u>
Restrip Parking Lot	5/19/00	\$333.00
Repair Siding and Trim	6/13/00	\$574.00
Refrigerators and Carpets	10/17/00	<u>\$2,142.08</u>

Total Approved Withdrawals [3]	\$ 3,049.08
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Amount of Net Funds remaining from line items 2,3,4, or 9 From Page 2 of RD Form 1930-7, "MFH Project Budget", Exclusive of reserve expenditures (A):	\$ 0.00
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	<u>Budgeted</u>	<u>Actual</u>	<u>Balance</u>
Item 2: Supply	\$2,732.00	\$ 3,087.59	(\$355.59)
Item 3: Contract	1,683.00	1,826.71	(143.71)
Item 4: Painting	1,093.00	2,260.52	(1,167.52)
Item 9: Furniture	<u>3,500.00</u>	<u>3,839.30</u>	<u>(339.30)</u>
Total	\$9,008.00	\$11,041.12	(\$2,006.12)

Amount of Reserve Funds Used for Items Which Would Normally Be classified under 2,3,4, or 9 from Page 2 of RD Form RD 1930-7 "MFH Project Budget" (B):	\$ 2,475.08
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Reserve Adjustment [Lesser of (A) or (B)]: [4]	\$ 0.00
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Required Reserve Balance at December 31, 1999 [5] [1]+[2]-[3]+[4]=[5]	\$ 49,222.80
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Verified Balance at December 31, 2000 [6]	\$ 49,892.16
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Amount Overfunded [6]-[5]	\$ <u>669.36</u>
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Return on Investment

Project income from all sources	(1) \$ 155,041.47
Project expenses (do not include noncash expenses or interest)	(2) \$ 96,448.75
Capital expenditures	(3) \$ 5,762.57
RD debt service (principal, interest, and overage)	(4) \$ 26,579.28
Required reserve deposit per loan agreement	(5) \$ 17,745.00
RD authorized reserve withdrawals or authorized use of unrestricted cash in lieu of reserve funds	(6) \$ 3,049.08

If use of unrestricted funds was authorized in lieu of reserve funds, provide date of letter of authorization, account from which withdrawn, and amount:

Parkview Properties had made other capital expenditures besides the authorized reserves; however, these expenditures were not authorized In lieu of the reserve funds.

Reserve adjustment	(7)	\$ 0.00
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Available for return on investment (1)-(2)-(3)-(4)-(5)+(6)-(7)=(8)	(8) \$ 11,554.95
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The amount available for return on investment is the lesser of the amount permitted per Parkview Properties' loan agreement or the amount calculated above. The amount permitted per Parkview Properties' loan agreement is \$4,400.00: (9)	(9) \$ <u>4,400.00</u>
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Reconciliation of Form RD 1930-7 to Income Statement  
For the Year Ended December 31, 2000

	Form RD 1930-7	Accrual Adjustment	Income Statement
<b>REVENUES</b>			
Rental Income, Tenants	\$ 51,881.44	\$ (1,923.99)	\$ 49,957.45
Rental Assistance, RD	99,120.00	942.00	100,062.00
Laundry Income	1,603.03	0.00	1,603.03
Interest Earned	1,695.83	0.00	1,695.83
Tenant Charges	1,625.16	78.00	1,703.16
Miscellaneous Revenue	<u>20.00</u>	<u>0.00</u>	<u>20.00</u>
Total Income	<u>\$ 155,945.46</u>	<u>\$ (903.99)</u>	<u>\$ 155,041.47</u>
<b>EXPENSES</b>			
Maintenance & Repair, Payroll	\$ 9,864.77	\$ 0.00	\$ 9,864.77
Maintenance and Repairs, Supplies	3,087.59	0.00	3,087.59
Maintenance and Repairs, Contract	1,826.71	907.00	2,733.71
Painting and Decorating	2,260.52	0.00	2,260.52
Snow Removal	215.86	0.00	215.86
Grounds Maintenance	237.91	0.00	237.91
Services	704.00	0.00	704.00
Furniture Replacement	3,839.30	958.01	4,797.31
Other Operating Expenses	0.00	0.00	0.00
Electricity	4,715.77	0.00	4,715.77
Water	4,691.95	0.00	4,691.95
Sewer	3,016.50	0.00	3,016.50
Garbage	3,734.51	0.00	3,734.51
Manager	12,501.35	0.00	12,501.35
Management Fees	14,400.00	0.00	14,400.00
Accounting/Auditing	4,000.00	0.00	4,000.00
TPA Fees	558.00	0.00	558.00
Legal	28.50	0.00	28.50
Advertising	482.50	0.00	482.50
Other Admin. Expenses	0.00	0.00	0.00
Telephone & Answering Service	1,418.45	0.00	1,418.45
Office Supplies	1,405.52	14.93	1,420.45
Office Furniture & Furnishing	22.85	0.00	22.85
Training Expense	642.84	0.00	642.84
Health Insurance	0.00	0.00	0.00
Payroll Taxes	2,132.66	0.00	2,132.66
Compensation Insurance	1,008.26	0.00	1,008.26
Other Administrative Exp.	454.49	0.00	454.49
Real Estate Taxes	12,951.36	0.00	12,951.36
Property Insurance	3,789.00	(382.36)	3,406.64
Other Taxes, License, Permit	850.00	0.00	850.00
Fidelity Coverage	110.00	0.00	110.00
Mortgage Interest Expense	0.00	24,230.71	24,230.71
Depreciation Expense	0.00	43,571.52	43,571.52
Loss on Disposal of Assets	<u>0.00</u>	<u>2,715.32</u>	<u>2,715.32</u>
Total Expenses	<u>\$ 94,951.17</u>	<u>\$ 72,015.33</u>	<u>\$ 166,966.30</u>
Net Profit (Loss)	<u>\$ 60,994.29</u>	<u>\$ (72,919.32)</u>	<u>\$ (11,924.83)</u>

# MULTIPLE FAMILY HOUSING PROJECT BUDGET (FORM RD 1930-7)

USDA-Rural Development-RHS  
Form RD 1930-7  
(Rev. 10-97)

## Position 3 MULTIPLE FAMILY HOUSING PROJECT BUDGET

FORM APPROVED  
OMB NO. 0575-0033

PROJECT NAME Parkview Properties PO Box 980338 West Sacramento CA 95798		BORROWER NAME Parkview Properties PO Box 980338 West Sacramento Ca 95798		BORROWER ID AND PROJECT NO. 04-018-680020531 01-0	
Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly	Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SMR <input type="checkbox"/> Other Servicing	Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH	Project Type <input type="checkbox"/> Full Profit <input checked="" type="checkbox"/> Limited Profit <input type="checkbox"/> Non-Profit	Borrower Type <input type="checkbox"/> Individual <input type="checkbox"/> Corporation <input checked="" type="checkbox"/> Limited Partner <input type="checkbox"/> Other	Assn. of Farmers <input type="checkbox"/> Org. of Farm Workers <input type="checkbox"/> Gen. Partner <input type="checkbox"/> Ineligible <input type="checkbox"/>
					Plan Code 05 Borrower Accounting Method <input checked="" type="checkbox"/> Cash <input type="checkbox"/> Accrual

### PART I -- CASH FLOW STATEMENT

Loan Amount	1,044,000.00	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS
Date Operational	04/24/1984	(01-01-2000)	(01-01-2000)	(01-01-2001)	or (YTD)
		(12-31-2000)	(12-31-2000)	(12-31-2001)	(12-31-2000)
YTD + EST					
<b>OPERATIONAL CASH SOURCES</b>					
1. RENTAL INCOME.....	153,300.00	51,881.44	153,300.00	51,881.44	
2. RHS RENTAL ASSISTANCE RECEIVED.....	*****	99,120.00	*****	99,120.00	
3. OCCUPANCY SURCHARGES RECEIVED.....	*****	0.00	*****	0.00	
4. LAUNDRY AND VENDING.....	1,764.00	1,603.03	1,764.00	1,603.03	
5. INTEREST INCOME.....	1,536.00	1,695.83	1,771.00	1,695.83	
6. TENANT CHARGES.....	350.00	1,625.16	500.00	1,625.16	
7. OTHER - PROJECT SOURCES.....	0.00	20.00	0.00	20.00	
8. LESS (Vacancy and Contingency Allowance).....	( 9,298.00)	*****	( 4,599.00)	0.00	
9. LESS (Agency Approved Incentive Allowance).....	0.00	*****	0.00	0.00	
10. SUB-TOTAL [(1 thru 7) - (8 & 9)].....	147,652.00	155,945.46	152,736.00	155,945.46	
<b>NON-OPERATIONAL CASH SOURCES</b>					
11. CASH - NON PROJECT.....	0.00	0.00	0.00	0.00	
12. AUTHORIZED LOAN (Non-RHS).....	0.00	0.00	0.00	0.00	
13. TRANSFER FROM RESERVE.....	0.00	3,049.08	0.00	3,049.08	
14. SUB-TOTAL (11 thru 13).....	0.00	3,049.08	0.00	3,049.08	
15. TOTAL CASH SOURCES(10 + 14).....	147,652.00	158,994.54	152,736.00	158,994.54	
<b>OPERATIONAL CASH USES</b>					
16. TOTAL O&M EXPENSES (From Part II).....	97,970.00	94,951.17	99,442.00	94,951.17	
17. RHS DEBT PAYMENT.....	26,580.00	26,579.28	26,580.00	26,579.28	
18. RHS PAYMENT(Overage).....	*****	0.00	*****	0.00	
19. RHS PAYMENT(Late Fee).....	*****	0.00	*****	0.00	
20. RHS PAYMENT(Occupancy Surcharge).....	*****	0.00	*****	0.00	
21. TENANT UTILITY PAYMENTS.....	*****	2,604.00	*****	2,604.00	
22. TRANSFER TO RESERVE.....	17,745.00	18,263.91	18,897.00	18,263.91	
23. RETURN TO OWNER.....	4,400.00	7,813.00	4,400.00	7,813.00	
24. SUB-TOTAL (16 thru 23).....	146,695.00	150,211.36	149,319.00	150,211.36	
<b>NON-OPERATIONAL CASH USES</b>					
25. AUTHORIZED DEBT PAYMENT (Non-RHS).....	0.00	0.00	0.00	0.00	
26. LONG-TERM IMPROVEMENTS.....	0.00	3,049.08	0.00	3,049.08	
27. MISCELLANEOUS.....	0.00	0.00	0.00	0.00	
28. SUB-TOTAL (25 thru 27).....	0.00	3,049.08	0.00	3,049.08	
29. TOTAL CASH USES(24 + 28).....	146,695.00	153,260.44	149,319.00	153,260.44	
30. NET CASH (DEFICIT) (15 - 29).....	957.00	5,734.10	3,417.00	5,734.10	
<b>CASH BALANCE</b>					
31. BEGINNING CASH BALANCE.....	8,592.16	8,592.16	15,861.00	8,592.16	
32. ACCRUAL TO CASH ADJUSTMENT.....	*****	0.00	*****	0.00	
33. ENDING CASH BALANCE (30 + 31 + 32).....	9,549.16	16,010.76	19,278.00	14,326.26	

According to the Paperwork Reduction Act of 1995, no persons are required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0033. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

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# MULTIPLE FAMILY HOUSING PROJECT BUDGET (FORM RD 1930-7)

## PART II -- OPERATING AND MAINTENANCE EXPENSE SCHEDULE

BEGINNING DATES> ENDING DATES>	CURRENT BUDGET (01-01-2000) (12-31-2000)	ACTUAL BUDGET (01-01-2000) (12-31-2000)	PROPOSED BUDGET (01-01-2001) (12-31-2001)	COMMENTS or (YTD) (01-01-2000) (12-31-2000)
	YTD + EST			
1. MAINTENANCE & REPAIRS PAYROLL.....	11,032.00	9,864.77	12,137.00	9,864.77
2. MAINTENANCE & REPAIRS SUPPLY.....	2,732.00	3,087.59	2,814.00	3,087.59
3. MAINTENANCE & REPAIRS CONTRACT.....	1,683.00	1,826.71	1,683.00	1,826.71
4. PAINTING & DECORATING.....	1,093.00	2,260.52	1,126.00	2,260.52
5. SNOW REMOVAL.....	150.00	215.86	172.00	215.86
6. ELEVATOR MAINTENANCE/CONTRACT.....	0.00	0.00	0.00	0.00
7. GROUNDS.....	1,087.00	237.91	1,087.00	237.91
8. SERVICES.....	768.00	704.00	768.00	704.00
9. FURNITURE & FURNISHING REPLACEMENT.....	3,500.00	3,839.30	4,000.00	3,839.30
10. OTHER OPERATING EXPENSES.....	0.00	0.00	0.00	0.00
11. SUB-TOTAL MAINT. & OPERATING (1 thru 10).....	22,045.00	22,036.66	23,787.00	22,036.66
12. ELECTRICITY.....	5,093.00	4,715.77	5,093.00	4,715.77
13. WATER.....	1,800.00	4,691.95	3,914.00	4,691.95
14. SEWER.....	3,620.00	3,016.50	3,620.00	3,016.50
15. FUEL (Oil/Coal/Gas).....	0.00	0.00	0.00	0.00
16. GARBAGE & TRASH REMOVAL.....	3,497.00	3,734.51	3,602.00	3,734.51
17. OTHER UTILITIES.....	0.00	0.00	0.00	0.00
18. SUB-TOTAL UTILITIES (12 thru 17).....	16,010.00	16,158.73	16,229.00	16,158.73
19. SITE MANAGEMENT PAYROLL.....	13,089.00	12,501.35	14,398.00	12,501.35
20. MANAGEMENT FEE.....	14,400.00	14,400.00	15,552.00	14,400.00
21. PROJECT AUDITING EXPENSE.....	4,000.00	4,000.00	0.00	4,000.00
22. PROJECT BOOKKEEPING/ACCOUNTING.....	744.00	558.00	0.00	558.00
23. LEGAL EXPENSES.....	300.00	28.50	300.00	28.50
24. ADVERTISING.....	297.00	482.50	342.00	482.50
25. TELEPHONE & ANSWERING SERVICE.....	1,464.00	1,418.45	1,472.00	1,418.45
26. OFFICE SUPPLIES.....	874.00	1,405.52	1,005.00	1,405.52
27. OFFICE FURNITURE & EQUIPMENT.....	150.00	22.85	150.00	22.85
28. TRAINING EXPENSE.....	500.00	642.84	500.00	642.84
29. HEALTH INS. & OTHER EMP. BENEFITS.....	1,564.00	0.00	2,378.00	0.00
30. PAYROLL TAXES.....	2,500.00	2,132.66	2,550.00	2,132.66
31. WORKMAN'S COMPENSATION.....	1,019.00	1,008.26	1,060.00	1,008.26
32. OTHER ADMINISTRATIVE EXPENSES.....	460.00	454.49	529.00	454.49
33. SUB-TOTAL ADMINISTRATIVE (19 thru 32).....	41,361.00	39,055.42	40,236.00	39,055.42
34. REAL ESTATE TAXES.....	14,514.00	12,951.36	14,286.00	12,951.36
35. SPECIAL ASSESSMENTS.....	0.00	0.00	0.00	0.00
36. OTHER TAXES, LICENSES & PERMITS.....	850.00	850.00	850.00	850.00
37. PROPERTY & LIABILITY INSURANCE.....	3,097.00	3,789.00	3,941.00	3,789.00
38. FIDELITY COVERAGE INSURANCE.....	93.00	110.00	113.00	110.00
39. OTHER INSURANCE.....	0.00	0.00	0.00	0.00
40. SUB-TOTAL TAXES & INSURANCE (34 thru 39).....	18,554.00	17,700.36	19,190.00	17,700.36
41. TOTAL O&M EXPENSES (11 + 18 + 33 + 40).....	97,970.00	94,951.17	99,442.00	94,951.17
Cost per Unit per Annum.....	3,160.32	3,062.94	3,207.81	3,062.94

Form RD 1930-7 Page 2  
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# **MULTIPLE FAMILY HOUSING PROJECT BUDGET (FORM RD 1930-7)**

## **PART III -- ACCOUNT BUDGETING / STATUS**

BEGINNING DATE: FISCAL YEAR:	CURRENT BUDGET (12-31-2020)	ACTUAL (12-31-2020)	PROPOSED BUDGET (12-31-2021)	COMMENTS or (YTD)
				STD = 807
<b>RESERVE ACCOUNT:</b>				
1. BEGINNING BALANCE.....	14,877.18	14,877.18	48,881.08	14,877.18
2. TRANSFER TO RESERVE.....	17,745.88	18,243.90	58,899.08	18,243.90
TRANSFER FROM RESERVE.....	*****	*****	*****	*****
3. OPERATING DEFICIT.....	0.00	0.00	0.00	0.00
4. BUILDING REPAIR & IMPROVEMENT.....	0.00	878.00	0.00	878.00
5. EQUIPMENT REPAIR & REPLACEMENT.....	0.00	1,118.00	0.00	1,118.00
6. OTHER NON-OPERATING EXPENSES.....	0.00	133.00	0.00	133.00
7. TOTAL (1 thru 6).....	0.00	1,948.88	0.00	1,948.88
8. ENDING BALANCE [(1 + 2) - 7].....	32,423.06	49,880.13	88,780.08	49,880.13

### **GENERAL OPERATING ACCOUNT:\***

BEGINNING BALANCE.....	8,882.54	8,882.54
ENDING BALANCE.....	15,860.76	15,860.76

### **REAL ESTATE TAX AND INSURANCE RECOVER ACCOUNT:\***

BEGINNING BALANCE.....	28,387.07	28,387.07
ENDING BALANCE.....	7,684.89	7,684.89

### **TENANT SECURITY DEPOSIT ACCOUNT:\***

BEGINNING BALANCE.....	8,798.05	8,798.05
ENDING BALANCE.....	10,748.40	10,748.40

\* (Complete only when Form RD 1918-B is not required)

## **PART IV - RENT SCHEDULE ☒ Check if attached** **PART V - ADDITIONAL INFORMATION**

### **TO BE COMPLETED BY BORROWER:**

1. FIRST TWO MONTHS.....
2. CURRENT RENT SCHEDULE.....
3. DELINQUENT RENT STATE TAXES.....
4. DELINQUENT PERSONAL PROPERTY TAXES.....
5. NUMBER OF APPLICATIONS ON WAITING LIST.....
6. NUMBER OF APPLICATIONS RECEIVED RE.....

### **TO BE COMPLETED BY RURAL DEVELOPMENT:**

1. PROJECT CLOSURE STATUS.....
2. RESERVE ACCOUNT.....
3. PROPOSED BALANCE.....
4. AMOUNT ADJUST (YTD).....
5. OCCUPANCY COMPLETED.....
6. YES-ATTACHED NARRATIVE ☐ NO

## **PART VI - SIGNATURES, DATES AND COMMENTS**

☐ Check if Borrower comments attached ☐ Check if Rural Development comments attached

CERTIFIER CORRECT (Borrower or Authorized Representative): \_\_\_\_\_ DATE: \_\_\_\_\_

Agency APPROVAL (Rural Development Approval Official): \_\_\_\_\_ DATE: \_\_\_\_\_

## MULTIPLE FAMILY HOUSING PROJECT BUDGET (FORM RD 1930-7)

### PART IV -- RENT SCHEDULE

#### A. CURRENT APPROVED RENTS:

NUMBER OF MONTHS	UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE (If used)
	TYPE	SIZE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
12		1	16	400	661	0	76,800	126,912	0	51
12		2	15	425	687	0	76,500	123,660	0	78
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
CURRENT RENT TOTALS							153,300	250,572	0	0
							BASIC	NOTE	HUD	

#### B. PROPOSED CHANGES TO RENTS:

NUMBER OF MONTHS	UNIT DESCRIPTION			RENTAL RATES			POTENTIAL INCOME FROM EACH RATE			UTILITY ALLOWANCE (If used)
	TYPE	SIZE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	
0		1	16	0	0	0	0	0	0	0
0		2	15	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
0		0	0	0	0	0	0	0	0	0
PROPOSED RENT TOTALS							0	0	0	0
							BASIC	NOTE	HUD	

**NOTE #1:** Enter lowest RENT TOTAL (BASIC, NOTE or HUD) from above on PART I, Line 1. Enter the CURRENT RENT TOTAL on the CURRENT BUDGET Column. Enter the PROPOSED RENT TOTAL on the PROPOSED BUDGET Column. When there is no proposed change to current rents, enter the CURRENT RENT TOTAL, on both CURRENT BUDGET and PROPOSED BUDGET columns.

**NOTE #2:** Follow this process to establish new rent rates:

- Enter operation uses of cash  
(from PART I - Lines 16, 17, 22, & 23)..... 149,319.00
- Enter non-rent income  
(from PART I - Lines 4, 5, 6, & 7)..... 4,035.00
- Rental Income Needed - Subtract Line 2 from Line 1..... 145,284.00
- Projected occupancy level factor .97  
(For example, enter ".95" for 95% expected occupancy)
- Total income needed from rent (Divide Line 3 by Line 4)..... 149,777.32
- Calculate BASIC and NOTE RATE rents for each size unit. (Refer to Exhibit H-1 of  
RD Instruction 1930-C.)

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